

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)
ECONOMICS DIVISION
Decartelization Branch

Function & Objective
Mr. Avery

File

18 October 1947

MEMORANDUM

TO : Mr. Richardson Bronson, Chief,
Decartelization Branch, Economics Division, O.M.G.C.(U.S.)

SUBJECT: Work Relating to Trade Associations, Syndicates, Cartels
and Trade Practices

1. In the period since the promulgation of Military Government Law No. 56, during which time I have been stationed in Munich and Minden, I have had to deal with practically the entire range of deconcentration and decartelization problems. As a result of this experience, I have been led to the conclusion that the work relating to trade associations, syndicates, cartels and trade practices has not produced the results which might have been produced under a more appropriate organization of functions.

2. According to the Decartelization Branch publication entitled Function and Organization of the Decartelization Branch, the Deconcentration Group is required to perform such work as the examination of company reports and the making of determinations respecting compliance with the law (including determinations as to the existence of prohibited restrictive practices), the preparation of orders requiring compliance with the law, and the examination and approval or modification of plans for dispersing assets or otherwise complying with the law. It is apparent that the Enforcement Group, the Legislation and Appeals Group, and the Field Control Group also carry on work relating to trade associations, syndicates, cartels and trade practices. But there is little evidence of comprehensive planning, of coordination of work, or of sustained effort on projects which might be especially profitable. This, it seems to me, accounts for the relatively ineffective performance on that part of our program which has the most active support of other units of Military Government.

3. Accordingly, I would suggest that all Decartelization Branch work relating to trade associations, syndicates, cartels (including international cartels) and trade practices, except strictly legislative and enforcement work relating thereto, be made the responsibility of a group to be designated as the Decartelization Group or the Trade Practice Group. This group would have the following specific functions:

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- a. The making of investigations and studies of the membership lists, the articles of association and the activities of trade associations which exist and operate in the Combined Area;
 - b. the making of investigations and studies of syndicates and domestic cartels which exist and function in the Combined Area;
 - c. the making of investigations and studies respecting the participation of German firms in international cartels;
 - d. the review of export contracts approved by the Joint Export-Import Agency (U.S./U.K.);
 - e. the examination of reports submitted pursuant to Law No. 56 and the making of determinations as to carrying on of prohibited trade practices;
 - f. the preparation of orders requiring compliance with the trade practice provisions of Law No. 56;
 - g. the examination and approval or modification of plans for complying with the trade practice provisions of Law No. 56; and
 - h. the making of recommendations to the Legislation Group and the Enforcement Group respecting legislation and enforcement, respectively.
4. The performance of much of the work outlined in the preceding paragraph would involve securing the cooperation and assistance of the Allied and German decartelization agencies in the Laender, the several branches of the Bipartite Control Office, the British Control and Decartelization Branch, and the several branches of the Economics Division of the Office of Military Government for Germany (U.S.).
5. It should be pointed out that the proposed Decartelization Group or Trade Practice Group would be vitally interested in such general subjects as business licensing, procedure and allocations procedure. However, I am not prepared to recommend that it be given the responsibility for making studies and proposing reforms of such procedures.

cc: Mr. Avery ✓
Mr. Barron
Mr. Coleman
Mr. Collison
Mr. Dilley

FRANCIS W. LAURENT